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NASA Procedural Requirements

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Subject: Journal Voucher Preparation and Approval and Intragovernmental Transactions

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Chapter 2. Intragovernmental Transactions

2.1 Overview

2.1.1 In the preparation of the Federal government-wide financial statements, the US Department of Treasury must eliminate intragovernmental transactions. The use of trading partner codes on intragovernmental transactions enables analysis and elimination of Federal activity in the government-wide financial statements.

2.1.2 This chapter provides the accounting policy and related management requirements necessary to record, reconcile, and report intragovernmental transactions. The policies presented provide a foundation and framework for accounting for intragovernmental transactions, reconciling and determining the accuracy of balances, and eliminating intragovernmental and intradepartmental balances.

2.1.3 The policy provides NASA with guidance for recording and reconciling intragovernmental exchange, nonexchange, and fiduciary activities.

2.1.4 This policy is effective immediately and applies to all intragovernmental and intradepartmental transactions.

2.2 Agency Requirements

2.2.1 The intragovernmental order contains the negotiated agreement between the buyer and seller of goods or services. The order will provide information, as required by the Treasury Financial Manual, Volume 1, Bulletin 2007-03, Intragovernmental Business Rules (Performance Reporting, Treasury Account Symbol/Business Event Type Code (TAS/BETC), expiration of funds, etc.) to allow the buyer and seller of goods and services to perform business in accordance with the policies as presented in this chapter. Both the buyer and the seller must designate a trading partner code for each transaction along with the appropriate U.S. Standard General Ledger (USSGL) account and the Federal Attribute, "F." Sellers shall track related cost and keep consistent, reliable evidence of performance.

2.2.2 Under an intragovernmental order, NASA shall reconcile receivables and payables, advances to and advances from, and revenue and expenses (including capitalized assets) with its trading partners for transactions recorded in the same reporting period. NASA prepares a trading partner agreement in conjunction with its trading partners. Trading partner agreements are required to communicate payment and collection requirements, and reconciliation needs. NASA reports intragovernmental transactions using posting models consistent with USSGL guidance and policies. NASA records transactions with the appropriate USSGL account number and trading partner code.

2.2.3 Recording Intragovernmental Transactions. The following information shall be included in intragovernmental transactions, along with the other data required by the order:

- a. The trading partner code of the Federal agency that NASA is doing business with.
- b. The common agreement number (order number).

- c. The appropriate Treasury Account Symbol (TAS) for both trading partners. If multiple TAS are included on one order, specify amounts for each TAS, as appropriate.
- d. The Business Event Type Code (BETC) for both trading partners.
- e. The amounts to accrue, advance, collect, or disburse.
- f. The Business Partner Network (BPN) number for both trading partners.

2.2.4 Reconciling Intragovernmental Transactions.

2.2.4.1 The integrity of the data reported in NASA's financial records, reports, as well as the data reported in NASA's audited financial statements, and the Closing Package are dependent on timely and accurate reconciliations of intragovernmental activity, and resulting account balances. NASA investigates and records necessary adjustments for any discrepancies between its intragovernmental account balances and the reciprocal account balances of their trading partners. NASA corrects known discrepancies due to errors in its records prior to the preparation of financial statements and the Closing Package submission.

2.2.4.2 Office of Management and Budget (OMB) requires NASA to reconcile/confirm intragovernmental activity and balances quarterly with its trading partners. In order to effectively reconcile with its trading partners, NASA accumulates detail and summary information for each activity by trading partner from its accounting records. NASA reconciles with its trading partners by providing and receiving account balances that summarize transactions with each trading partner. Detailed account activity is available as provided in the trading partner agreement and upon request of the trading partner. NASA communicates with its trading partners to ensure the proper trading partner code is used. NASA also provides "F" transaction data files to Financial Management Service (FMS) and uses the Intragovernmental Fiduciary Confirmation System (IFCS) to confirm and reconcile fiduciary transactions with its trading partners.

2.2.4.3 When both NASA and its trading partners' accounting records are accurate and current, there may be identifiable differences between the two records. Analyzing and determining the nature of the differences requires NASA to work with its trading partners to exchange detailed information and other accounting records. Types of reconciliation differences are listed and defined in the Department of Treasury, FMS, Federal Intragovernmental Transactions Accounting Policy Guide.

2.2.4.4 Differences identified during the quarterly reconciliation process should be adjusted in the subsequent period for accounting errors and current year timing differences. During the fourth quarter reconciliation process, NASA should make all adjustments before issuing the financial statements. If NASA identifies adjustments after the issuance of the financial statements, NASA should notify Treasury's FMS. FMS will determine the impact of the adjustments to the government-wide financial statements and advise NASA on the proper treatment.

2.2.4.5 If NASA and its trading partner confirm the amounts reported, when a difference occurs, NASA will contact its trading partner to resolve the difference. Confirmed differences considered material existing in the 3rd quarter of the fiscal year require that NASA work with its trading partner to develop and submit a plan of action to FMS on resolving the difference.

2.2.4.6 NASA must monitor the age and activity of an agreement. NASA determines the reason for the lack of activity of any interagency obligation or payable balance that is unchanged showing no activity for more than 180 days. NASA's financial management offices notify its procurement and contracting offices of inactive obligations and payables. Once an agreement is fulfilled, NASA will notify the Seller and deobligate the agreement within 30 days. If work continues or is unbilled on an agreement, the agreement remains available for use.

2.2.4.7 NASA must reconcile intradepartmental transactions. NASA investigates and records necessary adjustments for any discrepancies between the intradepartmental account balances and the reciprocal intradepartmental account balances. NASA corrects known discrepancies due to errors in its records prior to the preparation of financial statements and the Closing Package submission.

2.2.5 Resolution of Disputes and Major Differences.

2.2.5.1 The Buyer may request that the Seller provide documentation supporting a bill. The documentation shall be provided within an agreed upon timeframe, not to exceed 2 weeks. If the bill or performance transaction does not include information required by the Intragovernmental Business Rules, the Buyer may reject the transaction. NASA may not reject transactions where the bill or performance transaction complies with the Intragovernmental Business Rules. The dispute resolution process will proceed in accordance with the policy below and as provided in the intragovernmental agreement.

2.2.5.2 The intragovernmental agreement includes a clause delineating an alternative dispute resolution process. Dispute resolution shall involve the program offices, the accounting offices, the contracting officer and the CFO, as appropriate. Disputes shall be documented in writing with clear reasons for the dispute. NASA will jointly develop a memorandum of agreement with its trading partner, signed by both agencies' CFOs, acknowledging their participation in the dispute resolution process. NASA will not chargeback, reject, or create new transactions for

disputed amounts in compliance with the Intragovernmental Business Rules.

2.2.5.3 Differences that remain on fiduciary transactions longer than 25 days after the close of the reporting period must go through dispute resolution. Disputes resulting from differences in accounting treatment or contractual differences require resolution 60 calendar days after the difference is identified in the Material Differences Report or a charge is disputed. If agreement cannot be reached, both types of unresolved differences are referred to the CFO Council's Intragovernmental Dispute Resolution Committee. The Committee should render a decision within 90 days of receiving the request. NASA will coordinate with its trading partner to record adjusting transactions as required.

2.2.5.4 The Buyer may establish a threshold (in the intragovernmental agreement) not to exceed a certain amount per order before asking for contractual decisions. If the disputed amount is under the threshold and the Buyer elects not to pursue a dispute, then the Buyer shall pay the amount.

2.2.6 Reporting Requirements.

2.2.6.1 Performance Report. The performance report assists NASA and its trading partners in the recording of accrued expenses and revenues. It improves the timing and amount of the accrual, which in turn, promotes reconciliation and elimination. The intragovernmental agreement should indicate that the performance report is provided to the program office and the financial management office containing the data and due dates in compliance with the Intragovernmental Business Rules.

2.2.6.1.1 NASA shall provide the report to its trading partner, no later than 30 days after the accountable event or before the close of quarterly reporting, whichever occurs first. The report will include the common agreement number(s), the Treasury account symbol, the business event type code, the agency location code, amount of accrual (performance amount), contact information, and other information identifying the current expense of services or goods within the reporting period. The interagency agreement delineates the frequency, the method, the points-of-contact, and the content of the required report.

2.2.6.2 Quarterly "F" Data File Submission. In support of the quarterly reconciliation process, reporting agencies are required to submit intragovernmental balances (only transactions with the "F" attribute) for all proprietary USSGL accounts to FMS. The NASA OCFO derives the submitted intragovernmental balances directly from departmental trial balances, used as the basis for constructing quarterly unaudited financial statements for OMB. Agencies must also complete the Agency Quarterly Intragovernmental Data File Submission Checklist. The NASA OCFO must submit its checklist, with the "F" data file, to its FMS' intragovernmental review accountant counterpart.

2.2.6.3 Quarterly IFCS Submission. The OCFO must use the IFCS to reconcile and confirm fiduciary balances and activity with central fiduciary agencies on a quarterly basis. The amounts entered into the IFCS must agree with NASA's quarterly "F" file submission and the audited financial statements before submitting data to FMS.

2.2.6.4 Material Differences/Status of Disposition Certification. The NASA OCFO must explain the material differences with its trading partners in the amounts reported by reciprocal category. The differences are segregated into the following categories: Confirmed Reporting, Accounting Methodology Difference, Accounting/Reporting Error, Timing Difference - CY, Timing Difference - PY, or Unknown. Those differences are also explained on the Additional Explanations form provided by FMS. The OCFO must submit NASA's Material Differences/Status of Disposition Certification and the Additional Explanations form to its FMS' intragovernmental review accountant counterpart. The Status of Disposition Certification is not required in the 4th quarter. FMS will use the Closing Package intragovernmental data (submitted by verifying agencies as part of their Closing Package) to consolidate agency data for year-end reporting.

2.2.6.5 CFO Representations for Federal Intragovernmental Activity and Balances. At year-end, the OCFO is required to represent that NASA has properly and completely reconciled its intragovernmental activity and balances with its trading partners, using the Closing Package submission and NASA's audited financial statements. This requirement is outlined in Volume I, Treasury Financial Manual (TFM), Part 2-4700, Section 4705.75. The representations relate to whether the reconciliation was completed, providing General Intragovernmental Reporting Results and the Explanation of Closing Package Differences.

2.2.6.6 Financial Reporting Requirements, OMB Circular No. A-136. NASA must comply with this OMB circular that dictates the required elements for all Federal agencies' financial statements, footnotes, required supplementary information, and required stewardship supplementary information. NASA should record and report all transactions in the proper USSGL accounts, as well as report all USSGL accounts in accordance with the financial statement crosswalk(s). NASA reconciles and confirms intragovernmental activity and balances with its trading partners before submitting year-end data to FMS and reporting it in its audited financial statements, ensuring that the reconciled and confirmed balances for intragovernmental transactions agree to its audited financial statements and Closing Package reporting. NASA prepares agency-wide consolidated financial statements and elimination entries for intradepartmental transactions.

2.2.6.7 Closing Package For Fiscal Year End Reporting, TFM 2-4700. Treasury's FMS developed the Closing Package methodology to resolve material deficiencies identified by the Government Accountability Office (GAO). NASA's OCFO must reclassify all line items and amounts on its comparative audited, consolidated, departmental

level Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position, to the Closing Package financial statement formats. NASA must report footnotes, disclose all other information not contained in the primary financial statements required to meet generally accepted accounting principles and submit NASA's adjusted trial balances via the Federal Agencies Centralized Trial-Balance System (FACTS I). NASA identifies trading partners in the Federal Trading Partner Note module for those Closing Package line items that hold Intragovernmental balances. NASA reports the reconciled and agreed upon confirmed balances in the IFCS, the Closing Package, and its audited financial statements.

2.2.6.8 3rd Quarter Inspector General Agreed-Upon Procedures (IG/AUP) For Intragovernmental Activity And Balances. OMB requires the performance of IG/AUP by agencies where there is evidence and a history of systemic or recurring problems in accounting, reporting, or reconciling intragovernmental balances. The IG/AUP will identify, analyze, and facilitate the correction of the underlying internal control or process weaknesses at those agencies. OMB will contact the applicable agencies, and their respective IGs, that meet the above criteria. Those agencies, their IGs, and FMS must meet to formulate IG/AUP, agreed to by the applicable parties, and in conformance with American Institute of Certified Public Accountants (AICPA) standards.

2.2.7 Year-End Requirements.

2.2.7.1 At the end of each fiscal year (September 30), all transactions and activity related to the fiscal year should be recorded in each agency's general ledger. Transactions that are incurred as of September 30 and not billed should be recorded as accruals in both agencies' records. These transactions may have been billed subsequent to year-end or remain unbilled at the time of accrual. The providing agency should identify these transactions and should work with the receiving agency to provide detailed information supporting the transactions and the amounts incurred as of the cut-off date (September 30) and not yet billed. The providing agency should record these transactions as receivables/revenues as of September 30. The receiving agency should record these transactions as payables/expenses or assets as of September 30. Agencies should work together to calculate and estimate accruals and to record corresponding entries in each set of records so they are in agreement or that long term accounting policy differences can be easily identified. The providing agency is typically responsible for estimating the accrual and communicating this information to the receiving agency. Both agencies are responsible for recording the information.

2.2.7.2 NASA will not submit a Quarterly "F" Data File for 4th quarter activity. This data is included in the year-end Closing Package submission. FMS will use the Closing Package intragovernmental data (submitted by verifying agencies as part of their Closing Package) to consolidate Agency data for year-end reporting.

2.2.8 Information Technology Resources.

2.2.8.1 Intragovernmental Fiduciary Confirmation System (IFCS). IFCS is an internet-based system, the official confirmation system for Federal Program Agencies (FPAs) that engage in fiduciary intragovernmental transactions. FPAs are required to confirm and reconcile the fiduciary transactions.

2.2.8.2 Government-Wide Financial Report System (GFRS). GFRS is a system that captures each agency's Closing Package information and links the agencies' comparative, audited consolidated, department-level financial statements to the Financial Report of the U.S. Government and resolves material deficiencies identified by the Government Accountability Office (GAO). NASA retrieves intragovernmental reports via the Discoverer Viewer, a query tool integrated in GFRS.

2.2.8.3 Intragovernmental Reporting and Analysis System (IRAS). IRAS is an internal database in FMS, used to conduct in-depth analysis and to synthesize/provide quarterly and year-end Closing Package reporting, as well as IFCS reporting, of all intragovernmental transactions to Federal entities. The intragovernmental account balances provided quarterly by each Federal agency is contained in this database and utilized to assist in reconciliation.

2.3 Roles and Responsibilities

2.3.1 The responsibility for the recording and reconciling the intragovernmental activity and balances lies with NASA, regardless of its trading partner's involvement in the transactions. The Agency Office of the Chief Financial Officer (OCFO) reconciles individual Agency level account balances. Each Center is responsible for the reconciliation of individual accounts within its respective business areas. The Agency and Center Deputy Chief Financial Officers (DCFO) must review and approve the respective reconciliations. **2.3.2** NASA Headquarters Office Of The Chief Financial Officer Shall:

- a. Establish and maintain a structure for its intragovernmental transactions that includes recording, reconciling and reporting procedures.
- b. Provide intragovernmental balances (transactions with a Federal ("F") indicator) for all required proprietary U.S. Standard General Ledger (USSGL) accounts to Financial Management Service (FMS) each quarter to include the fiduciary account balances in Intragovernmental Fiduciary Confirmation System (IFCS).
- c. Ensure that the reconciled and confirmed balances for intragovernmental transactions agree with the Agency's

audited financial statements and Closing Package reporting.

- d. Submit intragovernmental Closing Package data by Federal line item to FMS at year-end.
- e. Complete the CFO Representations for Federal Intragovernmental Activity and Balances (i.e. Section I, Section II and Additional Explanations Sheet), and provide information to FMS, and the Government Accountability Office (GAO).
- f. Perform CFO requirements for 3rd quarter Inspector General Agreed-Upon Procedures (IG/AUP), if NASA meets the criteria for AUPs.
- g. Represent that all intragovernmental balances have been reconciled and that NASA's audited financial statements contain those balances, as instructed by Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.
- h. Establish a consistent relationship with NASA's trading partners in order to identify and resolve differences.
- i. Document and maintain the data requirements agreed upon by NASA and its trading partners in the Intra-Governmental Payment and Collection (IPAC) System and reconciliation process. Note when the IPAC system is not used to settle collection amounts owed to NASA, Standard Form 1080, Voucher for Transfer between Appropriations and/or Funds, should be used to bill other Government agencies, when either the billing or the paying agency is not serviced by a Treasury financial center, or the IPAC system cannot be used. Use of the voucher does not impact the need and the requirements to document and maintain the data requirements agreed to between NASA and its trading partners.
- j. Provide NASA Centers and/or Service Providers with reports identifying differences between amounts reported by NASA's trading partners and NASA's Centers.
- k. Ensure compliance with NASA's policy and procedures over intragovernmental account processes to ensure relevant, reliable and timely reporting to Treasury.

2.3.3 NASA Centers And Service Providers Shall:

- a. Record trading partner codes on all transactions occurring between Federal entities.
- b. Document and support the information recorded in its accounting records related to intragovernmental transactions.
- c. Record activity between Federal entities at the transaction level. Do not net accounting activity or intragovernmental balances, even if the activity is in the same reciprocal category.
- d. Record the common agreement number provided in the intragovernmental agreement on all transactions.
- e. Reconcile the intragovernmental data in its accounting records to the supporting documentation based on FMS Intragovernmental Reporting and Analysis System (IRAS) Reports and reports provided by the NASA's OCFO.
- f. Monitor and/or maintain customer and vendor master data with regard to the validity of the trading partner code and agency name.
- g. Execute Agency policy and procedures over intragovernmental account processes.

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